

Ameren Illinois Gas Rate Zone II - (CILCO)
Statement of Operating Income with Adjustments
For the Test Year Ending December 31, 2014
(In Thousands)

Line No.	Description	Company Rebuttal (Ameren Ex. 17.2)	Company Adjustments (Sch 1, page 3)	Company Initial Brief Present (Cols. b+c)	Company Initial Brief Proposed Increase	Company Initial Brief Proposed w/o Hillsboro (Cols. d+e)	Hillsboro Base & Used & Useful Allowance	Company Initial Brief Proposed w/Hillsboro (Cols. f+g)
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
1	Operating Revenues	\$ 75,594	\$ -	\$ 75,594	\$ 17,556	\$ 93,150	\$ 27	\$ 93,177
2	Other Revenues	958	85	1,043	-	1,043	-	1,043
3	Total Operating Revenue	76,552	85	76,637	17,556	94,193	27	94,219
4	Uncollectible Expense	826	1	827	190	1,017	-	1,017
5	Cost of Gas	-	-	-	-	-	-	-
6	Production Expenses	700	-	700	-	700	-	700
7	Storage, Term., and Proc. Expenses	3,497	-	3,497	-	3,497	-	3,497
8	Transmission Expenses	1,014	9	1,023	-	1,023	-	1,023
9	Distribution Expenses	20,367	209	20,576	-	20,576	-	20,576
10	Cust. Accounts, Service & Sales	7,685	(19)	7,666	-	7,666	-	7,666
11	Administrative and General Expenses	14,473	(1,040)	13,433	-	13,433	-	13,433
12	Depreciation and Amortization	11,452	84	11,536	-	11,536	-	11,536
13	Taxes Other Than Income	4,321	(1)	4,320	-	4,320	-	4,320
14	Rounding	-	-	-	-	-	-	-
15	Total Operating Expense	64,336	(757)	63,579	190	63,769	-	63,769
16	Before Income Taxes	444	67	511	1,650	2,161	3	2,163
17	State Income Tax	1,481	224	1,704	5,501	7,205	8	7,213
18	Federal Income Tax	(79)	-	(79)	-	(79)	-	(79)
19	Deferred Taxes and ITCs Net	66,181	(467)	65,715	7,341	73,055	11	73,066
20	Total Operating Expenses	10,371	551	10,922	10,215	21,137	16	21,153
21	NET OPERATING INCOME							
22	Company Rate Base (Schedule 2, page 1, col d, line 21)					\$ 246,768		
23	Company Overall Rate of Return (Schedule 5, col e, line 18)					8.566%		
24	Non-Used and Useful Investment (Schedule 3, Line 2)							\$ 489
25	Rate of Return Excluding Common Equity Return (Sch 5, Ln 18 minus Ln 17)							3.177%

Ameren Illinois Gas Rate Zone II - (CILCO)
Adjustments to Operating Income
For the Test Year Ending December 31, 2014
(In Thousands)

Line No.	Description	Interest Synchronization Part 285 (Ex. 31.2, Sch 3)	Rental Revenues Adj ICC Staff Ex. 13.0 Sch 13.01	Uncollectible Expense ICC Staff Ex. 11.0 Sch 11.02	Employee Benefits ICC Staff Ex. 11.0 Sch 11.05	SVT Program (Ameren Ex. 31.4 Schedule 1)	EAM & MWM (Ameren Ex. 31.5)	Subtotal Operating Statement Adjustments
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
1	Operating Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2	Other Revenues	-	85	-	-	-	-	85
3	Total Operating Revenue	-	85	-	-	-	-	85
4	Uncollectible Expense	-	-	1	-	-	-	1
5	Cost of Gas	-	-	-	-	-	-	-
6	Production Expenses	-	-	-	-	-	-	-
7	Storage, Term., and Proc. Expenses	-	-	-	-	-	-	-
8	Transmission Expenses	-	-	-	-	-	9	9
9	Distribution Expenses	-	-	-	-	97	112	209
10	Cust. Accounts, Service & Sales	-	-	-	-	-	-	-
11	Administrative and General Expenses	-	-	-	(1,006)	-	-	(1,006)
12	Depreciation and Amortization	-	-	-	-	84	-	84
13	Taxes Other Than Income	-	-	-	-	-	-	-
14		-	-	-	-	-	-	-
15	Total Operating Expense	-	-	1	(1,006)	180	121	(703)
16	Before Income Taxes	-	-	1	(1,006)	180	121	(703)
17	State Income Tax	(13)	8	(0)	96	(17)	(12)	62
18	Federal Income Tax	(43)	27	(0)	319	(57)	(38)	207
19		-	-	-	-	-	-	-
20	Total Operating Expenses	(56)	35	1	(592)	106	71	(435)
21	NET OPERATING INCOME	\$ 56	\$ 50	\$ (1)	\$ 592	\$ (106)	\$ (71)	\$ 519

Ameren Illinois Gas Rate Zone II - (CILCO)
Adjustments to Operating Income
For the Test Year Ending December 31, 2014
(In Thousands)

Line No.	Description	Subtotal Operating Statement Adjustments	Non-Union Wages (Ameren Ex. 31.8 Schedule 1)	Industry Assn Dues (Ameren Ex. 31.9 Schedule 1)	Advertising Sponsorships Adj (Ameren Ex. 31.9 Schedule 2)	Initial Brief Appendix D	(Source)	Total Operating Statement Adjustments
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
1	Operating Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2	Other Revenues	85	-	-	-	-	-	85
3	Total Operating Revenue	85	-	-	-	-	-	85
4	Uncollectible Expense	1	-	-	-	-	-	1
5	Cost of Gas	-	-	-	-	-	-	-
6	Production Expenses	-	-	-	-	-	-	-
7	Storage, Term., and Proc. Expenses	-	-	-	-	-	-	-
8	Transmission Expenses	9	-	-	-	-	-	9
9	Distribution Expenses	209	-	-	-	-	-	209
10	Cust. Accounts, Service & Sales	-	-	-	-	(19)	-	(19)
11	Administrative and General Expenses	(1,006)	(5)	(0)	(0)	(28)	-	(1,040)
12	Depreciaton and Amortization	84	(0)	-	-	-	-	84
13	Taxes Other Than Income	-	(1)	-	-	-	-	(1)
14		-	-	-	-	-	-	-
15	Total Operating Expense							
16	Before Income Taxes	(703)	(6)	(0)	(0)	(47)	-	(757)
17	State Income Tax	62	1	0	0	4	-	67
18	Federal Income Tax	207	2	0	0	15	-	224
19		-	-	-	-	-	-	-
20	Total Operating Expenses	(435)	(4)	(0)	(0)	(28)	-	(467)
21	NET OPERATING INCOME	\$ 519	\$ 4	\$ 0	\$ 0	\$ 28	\$ -	\$ 551

Ameren Illinois Gas Rate Zone II - (CILCO)
Rate Base
For the Test Year Ending December 31, 2014
(In Thousands)

Line No.	Description	Company Rebuttal Rate Base (Ameren Ex. 17.2)	Company Adjustments (Sch 2, page 2)	Company Initial Brief Rate Base (Col. b+c)
	(a)	(b)	(c)	(d)
1	Gross Plant in Service	\$ 667,133	\$ 703	\$ 667,836
2	Less Accum. Deprec. and Amort.	(388,403)	(84)	(388,487)
3		-	-	-
4	Net Plant	278,730	619	279,349
5	Additions to Rate Base			
6	Cash Working Capital Allowance	4,554	(107)	4,447
7	Materials & Supplies Inventory	25,262	-	25,262
8		-	-	-
9		-	-	-
10		-	-	-
11		-	-	-
12		-	-	-
13		-	-	-
14	Deductions From Rate Base			
15	Accum. Deferred Income Taxes	(55,708)	(86)	(55,793)
16	Customer Advances for Construction	(3,021)	-	(3,021)
17	Customer Deposits	(3,365)	-	(3,365)
18	Budget Payment Plan	(111)	-	(111)
19		-	-	-
20		-	-	-
21	Rate Base	\$ 246,342	\$ 426	\$ 246,768

Ameren Illinois Gas Rate Zone II - (CILCO)

Adjustments to Rate Base

For the Test Year Ending December 31, 2014

(In Thousands)

Line No.	Description	Cash Working Capital Part 285 (Ex. 31.2, Sch 2)	Employee Benefit ICC Staff Ex. 11.0 Sch 11.05	SVT Program (Ameren Ex. 31.4 Schedule 1)	Non-Union Wages (Ameren Ex. 31.8 Schedule 1)	(Source)	(Source)	Total Rate Base Adjustments
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
1	Gross Plant in Service	\$ -	\$ (131)	\$ 837	\$ (2)	\$ -	\$ -	\$ 703
2	Less Accum. Deprec. and Amort.	-	-	(84)	0	-	-	(84)
3		-	-	-	-	-	-	-
4	Additions to Rate Base	-	(131)	753	(2)	-	-	619
5	Additions to Rate Base							
6	Cash Working Capital Allowance	(107)	-	-	-	-	-	(107)
7	Materials & Supplies Inventory	-	-	-	-	-	-	-
8		-	-	-	-	-	-	-
9		-	-	-	-	-	-	-
10		-	-	-	-	-	-	-
11		-	-	-	-	-	-	-
12		-	-	-	-	-	-	-
13		-	-	-	-	-	-	-
14	Deductions From Rate Base							
15	Accum. Deferred Income Taxes	-	-	(86)	0	-	-	(86)
16	Customer Advances for Construction	-	-	-	-	-	-	-
17	Customer Deposits	-	-	-	-	-	-	-
18	Budget Payment Plan	-	-	-	-	-	-	-
19		-	-	-	-	-	-	-
20		-	-	-	-	-	-	-
21	Rate Base	<u>\$ (107)</u>	<u>\$ (131)</u>	<u>\$ 667</u>	<u>\$ (2)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 426</u>

Ameren Illinois Gas Rate Zone II - (CILCO)
Cash Working Capital Requirement Employing the Gross Lag Methodology
For the Test Year Ending December 31, 2014
(\$000s)

Line No.	Description (A)	Company Direct Proposed (B)	Revenue Lag/Expense (Leads) (C)	CWC Factor (D) (Col E/365)	Cash Working Capital Requirement (E) Col. D x Col. B
REVENUES					
1	Revenues at Present Rates	\$ 94,219	49.74	13.63%	\$ 12,840
2	Plus PGA Revenues	100,821	49.74	13.63%	13,739
3	Plus ICC Gross Revenue Tax	174	-	0.00%	-
4	Plus Municipal Utility Tax	2,874	-	0.00%	-
5	Plus Energy Assistance Charges	2,111	-	0.00%	-
6	Plus Illinois Public Utility Tax	4,697	-	0.00%	-
7	Plus Interest Expense and Bank Facility Fees	7,676	49.74	13.63%	1,046
8	(Less) Uncollectibles	(1,017)	49.74	13.63%	(139)
9	(Less) Depreciation and Amortization	(11,536)	49.74	13.63%	(1,572)
10	(Less) Return on Equity and Debt	(20,933)	49.74	13.63%	(2,853)
11	TOTAL - REVENUES	\$ 179,086			\$ 23,062
EXPENSES					
12	Employee Benefits	\$ 4,913	(15.97)	-4.38%	(215)
13	Payroll	17,653	(11.39)	-3.12%	(551)
14	PGA Expense	100,821	(39.23)	-10.75%	(10,836)
15	Other Operations and Maintenance (less uncollectibles)	24,329	(48.87)	-13.39%	(3,258)
16	FICA	1,381	(13.13)	-3.60%	(50)
17	Federal Unemployment Tax	25	(76.38)	-20.92%	(5)
18	State Unemployment Tax	89	(76.38)	-20.92%	(19)
19	St. Louis Payroll Expense Tax	1	(83.51)	-22.88%	(0)
20	ICC Gross Revenue Tax	174	65.50	17.95%	31
21	Invested Capital Tax	2,296	(30.13)	-8.25%	(189)
22	Municipal Utility Tax	2,874	(15.00)	-4.11%	(118)
23	Energy Assistance Charges	2,111	(4.00)	-1.10%	(23)
24	Corporation Franchise Tax	140	(161.97)	-44.37%	(62)
25	Illinois Public Utility Tax	4,697	1.00	0.27%	13
26	Property/Real Estate Taxes	529	(375.08)	-102.76%	(544)
27	Interest Expense	7,525	(91.25)	-25.00%	(1,881)
28	Bank Facility Fees	152	156.59	42.90%	65
29	Federal Income Tax	7,213	(37.88)	-10.38%	(749)
30	State Income Tax	2,163	(37.88)	-10.38%	(224)
31	TOTAL EXPENSES	\$ 179,086			\$ (18,615)
32	CASH WORKING CAPITAL REQUIREMENT - INITIAL BRIEF APPENDIX B				\$ 4,447
33	CASH WORKING CAPITAL REQUIREMENT - REBUTTAL				\$ 4,554
34	DIFFERENCE - ADJUSTMENT TO CASH WORKING CAPITAL				\$ (107)

Ameren Illinois Gas Rate Zone II - (CILCO)
Interest Synchronization Adjustment
For the Test Year Ending December 31, 2014
(In Thousands)

Line No.	Description	Amount
	(a)	(b)
1	Rate Base	\$ 246,768 ⁽¹⁾
2	Hillsboro Storage Field Used & Useful Allowance	<u>489</u> ⁽²⁾
3	Rate Base with Hillsboro	\$ 247,257
4	Weighted Cost of Debt	3.10% ⁽³⁾
5	Synchronized Interest Per Company Initial Brief (Line 3 x Line 4)	\$ 7,677
6	Company Rebuttal Interest Expense	7,542
7	Increase (Decrease) in Interest Expense (Line 5 - Line 8)	<u>135</u>
8	Increase (Decrease) in State Income Tax Expense	
9	at 9.500%	<u>(13)</u>
10	Increase (Decrease) in Federal Income Tax Expense	
11	at 35.000%	<u>\$ (43)</u>

(1) Source: Company Initial Brief Appendix B, Schedule 2, Page 1, col D, ln 21.

(2) Source: Ameren Part 285 Gas Schedule B-2.1 RZ-II, col B, ln 1.

(3) Source: Company Initial Brief Appendix B, Schedule 5, col E, ln 12, 13 & 14.

Ameren Illinois Gas Rate Zone II - (CILCO)
Gross Revenue Conversion Factor
For the Test Year Ending December 31, 2014

Line No.	Description	Rate (Part 285 A-2.1)	Per Company With Bad Debts	Per Company Without Bad Debts
	(a)	(b)	(c)	(d)
1	Revenues		1.00000	
2	Uncollectibles (1)	1.0796%	<u>0.01080</u>	
3	State Taxable Income		0.98920	1.00000
4	State Income Tax	9.50%	<u>0.09397</u>	<u>0.09500</u>
5	Federal Taxable Income		0.89523	0.90500
6	Federal Income Tax	35.00%	<u>0.31333</u>	<u>0.31675</u>
7	Operating Income		<u>0.58190</u>	<u>0.58825</u>
8	Gross Revenue Conversion Factor Per Company		<u>1.71851</u>	<u>1.69996</u>

Sources:

(1) Ameren Exhibit 17.2, Schedule 4.

26 Source for company capital structure per testimony of Ryan Martin.